

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 SCEM-02 SCI-06 OMB-01 SS-20 NSC-10

PA-04 PRS-01 USIA-15 CIAE-00 INR-10 NSAE-00 RSC-01

INT-08 COME-00 L-03 H-03 TRSE-00 SPC-03 DRC-01 CIEP-02

IO-14 /136 W

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P R 151640Z NOV 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 5549

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 4051

E.O. 11652: GDS

TAGS: ENRG, CS

SUBJECT: PETROLEUM SITUATION--RECOPE TRANSFER

BILL STALLED

REF: SAN JOSE 4004

SUMMARY: RECOPE TRANSFER MEASURE APPEARS COMPLETELY BOTTLED UP IN ASSEMBLY. MINISTER KOGAN NEVERTHELESS FEELS HE HAS LEGAL AUTHORITY TO CONTINUE OPERATING RECOPE AND HE ASSURED THE AMBASSADOR THAT FROM THE GOCR VIEWPOINT THE TRANSFER FROM ALLIED CHEMICAL HAS BEEN CONSUMMATED AND GOCR IN NO CASE WILL REOPEN MATTER WITH ALLIED. GASOLINE SHORTAGE SEEMS LIKELY TO CONTINUE AT LEAST FOR NEXT SEVERAL DAYS. END SUMMARY

1. THE MEASURE FOR TRANSFERING COSTA RICA'S REFINERY, RECOPE, FROM ALLIED CHEMICAL TO THE GOCR WAS EFFECTIVELY BLOCKED LATE NOVEMBER 13 BY THE ASSEMBLY'S
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DECISION NOT TO BRING THE BILL TO A VOTE BUT TO SEND IT TO

A SPECIAL COMMITTEE FOR RE-STUDYING. THIS SPECIAL COMMITTEE IS CHARGED WITH REPORTING THE MEASURE OUT AGAIN IN EIGHT DAYS, HOWEVER, IT IS DOUBTFUL THAT ANY COMPROMISE WILL BE PRODUCED OR THAT THE TRANSFER WILL BE RATIFIED BY THE PRESENT ASSEMBLY. MINISTER OF ECONOMY, INDUSTRIES, AND COMMERCE KOGAN NEVERTHELESS ASSURED THE AMBASSADOR ON THE AFTERNOON OF NOVEMBER 14 THAT THE GOCR FOR ALL INTENTS AND PURPOSES CONSIDERED THE TRANSFER CONSUMMATED, AND WOULD IN NO CASE ATTEMPT TO "INTERVENE" OR OTHERWISE REOPEN THE MATTER WITH ALLIED. KOGAN SAID HE WOULD USE AN OCTOBER 24 RESOLUTION BY THE ASSEMBLY DESIGNED TO ALLOW RECOPE OPERATIONS TO CONTINUE USING RATIFICATION AS LEGAL AUTHORITY TO

COMPLY WITH THE AGREEMENT INCLUDING PAYMENTS FOR INVENTORY UNTIL SUCH TIME AS THE MEASURE IS RATIFIED, PROBABLY AFTER ELECTIONS. (THE RESOLUTION WAS OBVIOUSLY DESIGNED FOR A SHORT-TERM SITUATION, BUT SO LONG AS THE TRANSFER MEASURE REMAINS IN LIMBO, AS IT SEEMS DESTINED TO, KOGAN'S LEGAL GROUND COULD BE SOUND.)

2. CONCERNING COSTA RICA'S PRESENT GASOLINE SHORTAGE, ALTHOUGH THE SPECIAL AGREEMENT WITH TEXACO MENTIONED IN REFTEL HAS BEEN REINSTATED RATIONING IS CONTINUING. PANIC BUYING HAS LEAD TO SOME HOARDING AND EVEN WITH RESUMPTION OF THE SUPPLEMENTAL SHIPMENTS, SCARCITY WILL PROBABLY BE A FACT OF LIFE AT LEAST FOR SOME DAYS YET.

3. COMMENT: QUITE OBVIOUSLY A GREAT DEAL OF MANEUVERING TOOK PLACE IN THE ASSEMBLY. REPORTEDLY, THE PLN LEADERSHIP FINALLY TOOK THE INITIATIVE IN HAVING THE SPECIAL COMMITTEE CREATED WHEN IT REALIZED PASSAGE WAS IMPOSSIBLE. THE MEASURE WOULD REQUIRE 38 VOTES FOR PASSAGE (2/3 VOTE REQUIRED) BUT THE PLN BLOC NUMBERS ONLY 32. THE GOVERNMENT THOUGHT IT HAD WORKED OUT A COMPROMISE WITH THE OPPOSITION PRESIDENTIAL CANDIDATE FERNANDO TREJOS FOR THE SUPPORT OF THE UN BLOC OF DEPUTIES, BUT THIS FELL THROUGH, AND THE UN IS NOW SOLIDLY OPPOSED. THE COMPOSITION OF THE

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SPECIAL COMMITTEE SUGGESTS THAT PLN PARLIAMENTARIANS, POSSIBLY AS A LAST GASP HOPE, HAD IN MIND A DEAL WITH THE MAVERICK ECHANDISTAS (8 VOTES) AND THE COMMUNISTS (2 VOTES) IN THE HOPES OF PUTTING TOGETHER SOME KIND OF COMPROMISE MEASURE WHICH THIS UNLIKELY COALITION COULD SUCCESSFULLY SUPPORT OVER THE UN OPPOSITION. IN OUR OPINION SUCH A MARRIAGE OF CONVENIENCE COULD ONLY PRODUCE AN UNACCEPTABLE RESULT.

4. FROM US STANDPOINT WHAT LOOKED
LIKE A TIDY WAY OF HANDLING THE RECOPE PROBLEM, HAS
BECOME SO SNARLED IN POLITICS THAT THE WHOLE THING HAS
FALLEN TO PIECES. OBVIOUSLY THERE COULD BE SOME UN-
PLEASANT FALL OUT IN THE FUTURE INCLUDING LEGAL TANGLES.
FOR THE TIME BEING, HOWEVER, KOGAN DOES SEEM SINCERE IN HIS
ASSURANCES THAT UNDER NO CIRCUMSTANCES WILL THE GOCR RENEGE
ON ITS AGREEMENT WITH ALLIED.
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